

STATE OF VERMONT
PUBLIC SERVICE BOARD

Petition of Department of Public Service for an)	
investigation and for an Order Directing Telephone)	
Operating Company of Vermont LLC d/b/a FairPoint)	Docket No. 7540
Communications to Show Cause why its Certificate of)	
Public Good Should not be Revoked)	

SUMMARY OF PREFILED TESTIMONY OF PETER G. NIXON

Mr. Nixon's testimony updates the Public Service Board (or "Board") and the Department of Public Service (or "Department") on the status of resolution of the problems arising from the transition of systems from those of Verizon New England Inc. (or "Verizon") to those of FairPoint, the progress FairPoint has made to resolve those problems and its specific plans to resolve the remaining problems on a going-forward basis.

Mr. Nixon sponsors the following exhibit:

Exhibit FP-PGN-1

FairPoint Internal Business Solutions Customer
Delivery Improvement Plan

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PREFILED TESTIMONY OF PETER G. NIXON

1 Q1. State your name.

2 A1. My name is Peter G. Nixon.

3

4 Q2. What is your position, and by whom are you employed?

5 A2. I am President of Telephone Operating Company of Vermont LLC d/b/a FairPoint

6 Communications and to which I will refer in my testimony as "FairPoint."

7

8 Q3. What is the purpose of your testimony?

9 A3. The purpose of my testimony is to update the Public Service Board (or "Board") and the
10 Department of Public Service (or "Department") on the status of resolution to the
11 problems arising from the transition of systems from those of Verizon New England Inc.
12 (or "Verizon") to those of FairPoint, the progress FairPoint has made to resolve those
13 problems and its specific plans to resolve the remaining problems on a going-forward
14 basis. FairPoint has made significant changes and improvements in recent months which
15 have had a direct positive improvement on our performance. There has been significant
16 progress on all operational fronts and many of the key business processes have already
17 returned to normalized levels. More important, for most of our customers, the customer

1 service experience has returned to pre-cutover levels. In addition, FairPoint has made
2 management changes that we believe will have a positive impact on our ability to return
3 to pre-cutover levels and beyond.
4

5 Q4. Before discussing the present status and forward-looking plans, please provide some
6 background information regarding the transition from Verizon to FairPoint systems.

7 A4. Yes. As the Board is aware, FairPoint acquired the telephone business of Verizon in
8 Maine, New Hampshire and Vermont, after obtaining all required regulatory approvals,
9 on March 31, 2008. As discussed in testimony presented to the Board in Docket
10 No. 7270, FairPoint's plan was to utilize the existing Verizon systems to serve Vermont
11 and New England customers for a period of time while developing, building, testing and
12 deploying new FairPoint systems. To assist the New England utility commissions and
13 consumer advocates in their review and understanding of the transition process, Liberty
14 Consulting Group (or "Liberty") was hired in late 2007 to serve as an independent
15 monitor of the transition process and to report its findings and conclusions to the various
16 state agencies.
17

18 FairPoint and its telecommunications-systems consultant, Capgemini U.S. LLC (or
19 "Capgemini") worked with Liberty and kept the utility commissions and public advocates
20 informed of its progress in building and testing the new FairPoint systems and preparing
21 for the transition from existing Verizon systems. On November 26, 2008, the Board
22 issued an order permitting FairPoint to submit its notice of cutover readiness to Verizon,

1 and requiring that Liberty, the independent third-party monitor, continue to provide
2 oversight of cutover issues until such time as the Board determines that such oversight is
3 no longer necessary.
4

5 The actual transition (or “cutover”) from Verizon to FairPoint systems occurred between
6 January 31 and February 8, 2009. To my knowledge, this is the most complex
7 telecommunications systems conversion undertaken to date in the United States.
8

9 In spite of the significant planning and oversight prior to cutover, customer issues did
10 occur as a result of the cutover. While FairPoint anticipated that there would be technical
11 issues associated with such a significant undertaking, the extent and type of customer
12 issues were broader, and have taken longer to resolve, than anticipated.
13

14 FairPoint has worked to address these issues and has kept Liberty and the utility
15 commissions and public advocates, including the Board and Department, apprised of its
16 efforts to address customer issues and return to pre-cutover levels of service. FairPoint
17 developed a Northern New England Stabilization Plan, presented on March 31, 2009,
18 which was designed to report on FairPoint’s progress to return to “business as usual,” that
19 is, pre-cutover levels of service. As of July 2009, when the Department filed its petition,
20 FairPoint had successfully addressed many of the issues identified at the end of March,
21 but still had work to do to resolve then-existing and emerging service issues.
22

1 Since July 2009, FairPoint has continued to address customer issues and put in place
2 processes and plans to return service to pre-cutover levels. I will be discussing many of
3 these plans and processes in my testimony below. FairPoint has continued to work with
4 Liberty, affording full access by Liberty to FairPoint facilities and working with Liberty
5 to identify the root cause of a sample of customer-affecting issues. FairPoint has
6 continued its informal, monthly meetings with the Board and interested parties in
7 Vermont, begun in May 2008, and recently participated in a three-state, utility-
8 commission meeting to discuss service and other issues that affect customers throughout
9 northern New England.

10
11 This testimony will present information about the current status of FairPoint's work to
12 address post-cutover issues in order to bring service back to pre-cutover levels. It is
13 important to emphasize that the status of work is evolving and ever-changing. Just as the
14 present status is not the same as it was at the time of the filing of the Department's
15 petition in July, we anticipate that the situation will continue to evolve and improve in the
16 coming weeks and months. Thus, this testimony presents a snapshot in time.

17
18 Finally, the Board understands having participated in the three-state meeting on
19 September 9 that FairPoint's operations provide service for customers in all three states
20 and that post-cutover issues and solutions largely cut across state lines. Where possible, I
21 will report on Vermont-specific issues and performance.

22

1 Q5. You mentioned in your testimony above that FairPoint has made major management
2 changes at the senior level. Please describe those changes.

3 A5. First of all, David L. Hauser was appointed Chairman of the Board and CEO on July 1,
4 2009. Mr. Hauser came to FairPoint from Duke Energy Corporation where he was Group
5 Executive and Chief Financial Officer and had an over thirty-year career leading many
6 facets of a large publicly traded company with both regulated and unregulated entities. In
7 reorganizing his leadership team, David appointed Jeff Allen as Executive Vice President
8 for Northern New England Operations. His scope of duties includes operations,
9 engineering, customer care, operations, support, sales, IT and billing.

10
11 Since his appointment, Mr. Allen has implemented several organizational changes to put
12 additional executive focus on areas of needed improvement. He has created a single
13 Service Delivery Organization whose function is to more efficiently manage customer
14 orders from beginning to end, thus eliminating several layers of hand-offs. He has
15 appointed Brian Lippold as Senior Vice President in charge of engineering, network
16 planning and provisioning and retained Karen Mead as Senior Vice President to manage
17 network operations. This addition puts added emphasis on service delivery, installation
18 and repair. In addition, he has established a dedicated team to handle FairPoint's
19 Wholesale customers. This team is responsible for sales, account management, customer
20 operations, billing, dispute resolution and collections. All of these functions report
21 directly to Mr. Allen who has significant experience starting and operating a Competitive
22 Local Exchange Carrier ("CLEC"). From a resource perspective, Mr. Allen has added 25

1 service representatives in the Wholesale Customer Operations Department and 20 service
2 representatives in the Business Customer Operations Department.

3
4 My responsibilities as President have been shifted to focus on regulatory matters,
5 government affairs, supply chain processes and procedures, economic development and
6 the entire operations of the Telecom Group. Vicky Weatherwax has been appointed Vice
7 President, Internal Business Solutions. Her responsibilities include leading the Project
8 Management Organization ("PMO"). In that capacity she is taking a holistic approach to
9 find the best solutions for systems fixes and optimization. She is in charge of addressing
10 all issues with the end-to-end systems and processes. She will work closely with Jeff
11 Allen and his organization to produce customer satisfaction levels which the company
12 believes will exceed pre-cutover levels.

13
14 Q6. Can you please describe in more detail what Vicky Weatherwax is doing and how that
15 will impact FairPoint's processes of service?

16 A6. Yes. Ms. Weatherwax's primary objective is to improve systems delivery of customer
17 service from order entry through payment and collections and repair. This will include
18 an extensive review and analysis of all systems and processes on a company wide basis
19 and across all operational organizations. She has divided her tasks into specific plans and
20 processes which are short term, intermediate and long term. These various processes as
21 well as the schedule to implement them are contained in the document entitled, "Internal

1 Business Solutions Customer Delivery Improvement Plan,” which is attached as Exhibit
2 FP-PGN-1.

3
4 Ms. Weatherwax has also reorganized the PMO to allow for more focused oversight,
5 coordination and prioritization of projects. To date, Ms. Weatherwax has interviewed all
6 heads of FairPoint business organizations and completed more than two weeks of internal
7 focus meetings to evaluate end-to-end order flow and business processes. These focus
8 meetings have already resulted in the initiation of several service-improvement projects.
9 These include specific short-term projects to provide processes and system
10 improvements, for example, that will reduce mean time to repair intervals from their
11 existing level to 24 hours or less and improved wholesale billing inputs to the Siebel
12 system for individual case basis (“ICB”) contracts. I will now describe several of these.

13
14 One short-term project is designed to identify the point at which POTs and DSL orders
15 encounter trouble so that we can meet the standard interval for POTs and DSL. Another
16 project began shortly after Labor Day and is designed to reduce mean time to repair
17 intervals to 24 hours or less. Like much of the ongoing work that I will describe, this
18 project involves the intersection of the processes and procedures we use and our
19 systems—in this case Siebel (ordering and customer care), M6/MetaSolv (inventory and
20 order management), and Remedy (trouble ticket system). Yet another initiative will
21 improve wholesale billing inputs to the Siebel system for ICB contracts. This wholesale
22 billing initiative deals with a data issue and in essence involves providing additional data

1 to these ICB contracts. Finally, as Exhibit FP-PGN-1 notes, an Enterprise Services
2 Group billing reconciliation began in July. This billing reconciliation initiative is distinct
3 from other reconciliation work I will discuss and is distinct from the Business
4 Reconciliation Team's ongoing work. A separate effort for wholesale customers was
5 recently begun as well.

6
7 Key to her activities and the long-term solutions is the hiring of outside consultants and
8 vendors that will assist the company in evaluating processes and systems and will help
9 develop solutions to improve the customer delivery process. A Request for Information
10 was distributed on August 7, 2009 and replies were received on August 28, 2009.

11 Requests For Proposals were sent to four outside consulting firms on September 4 with
12 responses received on September 14, 2009. FairPoint has offered that the Department
13 and the staffs of the Maine and New Hampshire commissions may have direct access to
14 those consultants who are ultimately engaged. As Ms. Weatherwax testified at the
15 September 9 three-state hearing, she will use the analysis and proposals from the outside
16 consultant or consultants chosen to select and prioritize the solutions that will be
17 implemented as part of FairPoint's long-term plan. That plan will outline solutions that
18 will include a full description of the work to be completed and the metrics for evaluating
19 progress. That plan will be ready by November 30 and Ms. Weatherwax's Internal
20 Business Solutions organization will develop and lead the projects and solutions detailed
21 in the plan.

22

1 In addition Ms. Weatherwax has scheduled a series of four meetings in September with
2 the CLEC Community to identify and put plans in place to resolve the CLECs' service-
3 delivery concerns; specifically, problems completing LSR and ASR orders. The first of
4 these meetings occurred this week. At that meeting, a group of designated CLECs
5 brought recent problem orders for review by FairPoint and the CLECs. The review
6 process involved putting the problem orders into our system so that FairPoint and the
7 CLECs could examine together where problems arose with each order. The set of
8 problem orders have now been provided to FairPoint experts who will determine if a
9 solution to the trouble is in place or scheduled to be in place. A report detailing the
10 troubles, including FairPoint's finding and solutions (some immediate and some long-
11 term), will be created. All troubles not already scheduled for resolution will be evaluated
12 and the solutions for those troubles will be identified and scheduled. These results will
13 be shared with the CLEC community in follow up meetings scheduled for September 28
14 and 29.

15
16 Q7. Will you provide a pre-cutover and post-cutover assessment regarding levels of service?

17 A7. Yes. I would like to discuss FairPoint's efforts to return to pre-cutover levels of service.

18 There are five key areas of the business that FairPoint assesses as compared to pre-
19 cutover levels of service that I plan to discuss. Pre-cutover levels are not necessarily
20 aspirational goals or service quality indices that the company proposes to meet, rather
21 they are an indication of whether the company has returned to the pre-cutover levels from
22 which FairPoint will continue to improve its levels of service.

1
2 Q8. Please describe the five areas that the company uses to assess pre-cutover versus post-
3 cutover levels of service.

4 A8. The first area is call center performance. For example, the company reviews the average
5 wait time for a customer calling into our centers. In addition, the company reviews the
6 average abandon rate by customers calling into our centers, the percentage of calls
7 answered within 20 seconds, and the service level as a whole, among other things. The
8 second area is network performance: specifically, has our network performance been
9 impacted by the cutover. The third area is a review of new order installations. For
10 example, this area involves a review of the percentage of the company's orders that are
11 completed within the standard intervals. This area also involves a review of late orders,
12 and the number of orders for which we have missed the installation date. The fourth area
13 of assessment is billing. For example, we are looking at the percentage of our consumer
14 bills that are impacted by known defects. In this area we also look at how accurate our
15 business and CLEC bills are as compared to pre-cutover performance. The fifth area is
16 escalations: for example, how many of our customers were inconvenienced enough that
17 they called the public utility commissions, boards and departments, including the Board
18 and the Department.

19
20 I will next address each of the five areas of assessment in turn. While FairPoint
21 continues to make progress in fully integrating its operation systems, it understands it has
22 not returned to business as usual in a variety of areas and continues to work through

1 issues to return to pre-cutover service levels. I will thus describe specific activities
2 FairPoint has undertaken in response to issues that have arisen in the five service
3 categories and what the results of those actions have been.
4

5 **Call Center Performance**

6 Q9. Please provide FairPoint's assessment of current call center performance as compared to
7 pre-cutover performance.

8 A9. FairPoint believes its call centers are operating very well. The current average wait time
9 in our Consumer Call Center is 9 seconds; calls are answered in 20 seconds or less more
10 than 89 percent of the time. This level of performance is at pre-cutover levels. The
11 Business Call Center took longer to return to pre-cutover levels, but since the end of July
12 and early August it has returned to pre-cutover levels. The current average wait time in
13 our Business Call Center is approximately 16 seconds. The current average wait time in
14 our Repair Center is 19 seconds, which is at pre-cutover levels.
15

16 The average abandoned rate for calls to our Consumer Call Center is now 1%, and has
17 been as low as .75% as compared to our objective of 5% or less. The average abandoned
18 rate of calls to our Business Call Center is 2% as compared to our objective of 5% or less.
19 The average abandoned rate of calls to our Repair Center is 2%. The percentage of repair
20 appointments met on time is at 87% for the month to date, which is at pre-cutover levels.
21

1 Q10. Could you provide additional detail about the steps FairPoint has taken to improve its
2 service in this area?

3 A10. Yes. To begin with, I am pleased that Liberty has concurred in a recent report that this is
4 an area in which FairPoint has made substantial improvement. Immediately after cutover
5 in February, both the Consumer and Business Call Centers received more than double the
6 amount of average weekly calls.

7
8 Immediately after cutover, the Consumer Call Center experienced several weeks with call
9 volumes of approximately 80,000 calls per week, as compared to an historical average of
10 less than 40,000 calls per week. The Business Call Center experienced call volumes in
11 excess of 5,000 a week, as compared with the historical average of less than 2,500.

12
13 To deal with these abnormally high call volumes, call center personnel worked two hours
14 of mandatory overtime each day in addition to eight extra hours on Saturday. In addition,
15 all call centers implemented a strategy to perform long duration tasks and order entries
16 with off-line resources so as to improve the availability of representatives to our
17 customers. Call volumes started to stabilize in June allowing for more accurate and
18 normal forecasting and scheduling. Since July, weekly call volumes for Consumer Call
19 Centers have averaged approximately 30,000 calls per week (plus/minus 10%) and
20 weekly call volumes for Business Call Centers have averaged approximately 3,500 calls
21 per week (plus/minus 10%). Both the Consumer Service Centers and the Business

1 Service Centers have been better than pre-cutover service level targets for the last seven
2 weeks.

3
4 Q11. You have said that call center performance has returned to, and in some cases been better
5 than pre-cutover levels. Please explain.

6 A11. In its September 2, 2009 report, Liberty notes that the call center abandon rate for repair
7 calls was the same as Verizon's in 2007 and that FairPoint's percent of calls answered
8 within 20 seconds compared favorably with Verizon's statistics for repair service calls
9 and at the Business and Consumer Call Centers. The call center performance data I
10 described above are an update to the Liberty report and demonstrate that our performance
11 continued to improve throughout the summer: the consumer abandon rate in September
12 is 1%, which is below the 2007 and 2008 levels (and is below the 5% target level), and
13 we answer more than 89% of consumer and 80% of business calls within 20 seconds,
14 which is better than 2008 levels.

15
16 Likewise, as measured by Vermont's service quality index, month-to-date call center
17 performance in September exceeded the objective levels for consumer, business, and
18 repairs.

19
20 Q12. Have these service levels been steady recently?

21 A12. Yes, a number have been, although a 5-day period at the end of June and early July was
22 challenging due to multiple Siebel (our order entry system) outages, which resulted in

1 increased repeat-call rates, reduced service level, and increased abandon rates. To correct
2 this problem and to maximize readiness for customers, all available personnel were
3 placed on line with off-line work being handled during low call volume periods, and after
4 hours when necessary. A renewed focus on adherence to schedule enabled maximization
5 of online readiness. This enabled increased first call resolution, improved average speed
6 of answer and average talk time.

7
8 Since that time, the Consumer and Business service level has been better than target
9 levels (75/20 for Consumer services) for 7 consecutive weeks and the Consumer and
10 Business abandoned rate has been below the target level for 8 and 7 consecutive weeks,
11 respectively.

12
13 Q13. Liberty's September 2 report singles out the service level at the Repair Center as an area
14 in which performance had not rebounded quite as much. Can you provide an update?

15 A13. Yes, I can provide month-to-date data for September. In the three states, nearly 87% of
16 repair calls are answered in 20 seconds; in Vermont, nearly 83% of repair calls are
17 answered within 20 seconds. The abandoned-call rate for the Repair Center was 2% for
18 the three states and 3% for Vermont. At the three-state level and in Vermont, the service
19 level exceeded our established goals and was at 87% and 83%, respectively. This
20 represents a notable improvement and a return to business as usual in this area.

21
22 Q14. What steps did FairPoint take to achieve these call center improvements.

1 A14. Among other things, our IT and call-center teams worked with a company, Aricent, to
2 identify productivity enhancements for the Siebel system. To date, we have deployed
3 approximately 50% of the approximately 400 changes that we identified in our work with
4 Aricent. By way of example, a subset of these enhancements improved the order-capture
5 or order-entry process, improved data validation tools, and put in place efficiencies that
6 made Siebel more user friendly. These productivity enhancements, in combination with
7 our ongoing training efforts, produced the shortest average call-handle time since cutover
8 last week. Nearly all of the remaining already-identified enhancements are scheduled to
9 be deployed in September and October, which will further improve call-center
10 performance. I will discuss the IT and systems enhancements further in the following
11 sections.

12
13
14 **Network Performance**

15 Q15. Has the network itself experienced any problems as a result of cutover?

16 A15. No. FairPoint's network performance has continued at pre-cutover levels since the
17 cutover. The company has experienced issues related to storm events and those types of
18 matters in the ordinary course of business, but the network has been operating well.

19
20 Q16. Has FairPoint implemented any IT or systems upgrades to effect network improvement?

21 A16. Yes. As I noted, our network has continued to perform at pre-cutover levels.

22 Notwithstanding the disruption following cutover, we implemented changes to further the

1 roll-out of our new network as well as changes designed to improve our network
2 performance through efficiencies. For instance, during the 3rd quarter, we implemented
3 the Actelis infrastructure that will support provisioning or activation of services on our
4 next-generation network.

5
6 In addition, during the 3rd Quarter, we implemented an application designed to test
7 whether DSL service has been successfully installed. This system pulls data from our
8 inventory management software and will perform live tests to isolate trouble.

9
10 Other enhancements that we implemented during the 3rd Quarter improved the handling
11 of trouble tickets for our Wholesale customers. This change improved the
12 Wisor/Synchronoss interface to support automatic notification of outage duration, cleared
13 time, and additional trouble ticket sub-statuses during the normal course of a trouble
14 ticket's life cycle.

15
16 These are the types of overall network improvements that we believe will enhance our
17 ability to serve customers and put them in a better position for future telecommunications
18 developments.

19
20 **New Order Installations**

21 Q17. The third area the company reviews when assessing post-cutover performance is new
22 order installations. Explain the status of the company's work in this area.

1 A17. Since the time of cutover, more than 560,000 new valid orders have been received by
2 FairPoint. Of that number over 540,000 new orders have been completed or cancelled.
3 Approximately 2,998 orders are late, which is much lower than the number of pre-
4 cutover late orders. This represents a significant improvement from a peak of 13,999 on
5 April 14 to the current level.

6
7 New order installation is, however, an area that has not returned to pre-cutover levels and
8 the company is taking the actions summarized below to continue to improve these levels.
9 Approximately 78% of our orders are completed within the standard installation interval
10 and approximately 90% are completed within 10 days. Pre-cutover levels averaged 90 to
11 95% completed on time (within the standard installation interval), and the company
12 continues to strive to improve its performance in this area.

13
14 The company also continues to address its order flow through issues, which is the ability
15 of an order to process through the systems without manual intervention. Increasing flow
16 through will improve the company's ability to install orders within the standard
17 installation interval. This is an area that had been improving and then reached a level that
18 was not back to pre-cutover levels from which the company has had difficulty
19 progressing. As I describe below, we believe we can progress, in the short-term, beyond
20 this plateau and increase on-time installations through organizational changes, process
21 improvements, and training. Other initiatives headed by Ms. Weatherwax that were
22 discussed above represent a distinct, longer-term effort to make additional progress which

1 will improve flow through thereby increasing the percentage of on time service delivery
2 as part of an end-to-end review of the systems and processes involved.

3
4 Q18. You mentioned both systems and process or procedure improvements. Can you address
5 the relationship between these?

6 A18. Yes, I will address this with respect to order flow through and fallout, which has been an
7 important cause for the late orders. As we are presented with errors in orders that cause
8 the order to fall out and/or eventually become a late order, the error has often been the
9 result of human error. As Liberty notes, human error may take the form of an order-entry
10 error or a defect in the process or procedure used to manage orders or work flow. This
11 type of cause is distinct from an actual fault caused by the Siebel system or by our
12 Provisioning and Inventory Management Systems. Addressing these human errors
13 typically involves training our employees as well as changes to the processes and
14 procedures involved so that the error will not reoccur. We have also instituted changes to
15 our system that are designed to improve accuracy and reduce the likelihood that these
16 types of errors will occur and an order will fall out.

17
18 Q19. Can you provide additional details on the process of improving order flow through and
19 provisioning.

20 A19. Yes, I will describe some of our past efforts as well as our current short- and long-term
21 efforts.

22

1 The company has completed several key inventory reconciliation projects, streamlined
2 work flow, and has increased its focus on order flow and workforce management.

3 Additionally, there have been several critical provisioning plans for which the number of
4 work steps an order must traverse to be delivered have been minimized in an effort to
5 reduce the potential for upstream errors that can cause an order to fall out later in the
6 process. This is an ongoing effort through the reduction of work queues to increase
7 queue visibility and accountability, and eliminating tasks within provisioning plans as
8 they are identified as no longer necessary to minimize product provisioning timeframes.

9 We have been able to remove certain manual tasks within the provisioning plans that
10 were intended as safeguards immediately after cutover for validation purposes, but that
11 can now be removed.

12
13 Other efforts to identify root causes of order flow through and provisioning errors include
14 a series of joint sessions with Liberty Consulting in which we examined recently
15 completed past due orders. Several findings revealed issues that indicated, at least in the
16 sampling of orders examined, root causes that were consistent with system issues, process
17 issues, and order entry issues. System issues were generally related to inventory
18 discrepancies either specific to network inventory or inconsistencies in customer
19 account/service data between the order entry, provisioning, and billing systems. The
20 company is currently performing reconciliations between these systems to identify out-
21 of-synch conditions to include customer information, product, services, consumed
22 inventory, and billing records for both retail and wholesale customers, and developing the

1 programmatic changes necessary to resolve the out-of-synch scenarios. Initial audits that
2 began with revenue assurance initiatives also provide the data necessary to resolve
3 potential system conditions and the company continues to develop the process by which
4 to resolve out-of-synch order management conditions.

5
6 In parallel to the short-term fixes discussed above, the company will be performing end-
7 to-end analyses of four primary product sets that encompass over 90% of the current
8 order volumes to identify necessary changes to ordering and provisioning processes that
9 will increase on-time service delivery through a reduction in manual handling and
10 increased mechanization. These efforts will be coordinated with those of Ms.
11 Weatherwax to ensure consistency throughout the organization.

12
13 Q20. You mentioned efforts by Ms. Weatherwax, are these related to the management changes
14 and associated projects that you initially described earlier in your testimony?

15 A20. Yes. Part of the effort to focus executive attention on the delivery of customer services
16 involves making Ms. Weatherwax responsible for the system performance related to
17 start-to-finish process for orders. FairPoint's short-, intermediate-, and long-term efforts
18 in this regard are described in FairPoint's Internal Business Solutions Customer Delivery
19 Improvement Plan attached as Exhibit FP-PGN-1.

20

1 Q21. You mentioned FairPoint's recent work with Liberty. In its September 8th report,
2 Liberty describes several typical causes for order fallout. Has FairPoint addressed these
3 causes to date?

4 A21. In some cases, yes. The work with Liberty involved recent problem orders and Liberty's
5 report on the apparent cause of fallout for these orders captured past causes and was
6 necessarily backward looking. Some of the enhancements that I will describe below—
7 such as those that involve enhancements to the Siebel system—have already addressed
8 some of these causes. Other of the causes will be addressed by the efforts that I described
9 above, including in particular the work that Ms. Weatherwax is overseeing.

10
11 Q22. Can you describe, in the short term, what additional changes are planned and what impact
12 they will have on performance?

13 A22. In addition to the organizational changes mentioned, we have identified additional ways
14 to improve our on time delivery. Currently we have approximately 2,998 late customer
15 orders that are waiting for FairPoint to act on, with 431 of those in Vermont (consistent
16 with industry practice these figures do not include orders that cannot be processed while
17 waiting for third-party information (a third-party verification, credit check, and etc.) or
18 disconnects). We believe over the next 60 days we can continue to reduce the number of
19 late orders by implementing some of the items jointly identified by FairPoint and Liberty.
20 This can be achieved by improved work queue management, improvements to our
21 provisioning plans and additional training. Liberty notes, for example, that several of the
22 orders reviewed were in fact completed on time, but were not closed out until the next

1 day; while this particular issue was addressed with immediate process change relative to
2 end-of-day work order reconciliation, similar problems as identified will continue to be
3 resolved through additional focus on queue management, streamlining of workflow and
4 provisioning plans, and additional training. Work in these areas is the primary focus of
5 the service delivery team.

6
7 Q23. You mentioned IT and systems enhancements. Can you provide further detail about
8 these?

9 A23. Yes. The bulk of what I will discuss relates to order flow through and the related subject
10 of call-center performance. Though I will describe a large number of enhancements, I
11 will touch on only a fraction of the upgrades, enhancements, and other IT and systems
12 changes that we have made. It is no exaggeration to say that we have made literally
13 thousands of discrete changes across the entire company following cutover, changes that
14 range in subject from billing enhancements to inventory and supply chain management.
15 All of these have improved service to the customer.

16
17 Q24. Please proceed.

18 A24. I previously mentioned our work with Aricent and I would like to elaborate here. Aricent
19 was brought in to assess our ordering and customer care suite, Siebel. The primary goal
20 of this work was to investigate, document and recommend enhancements to order entry,
21 navigation and the Product Configurator. Our Consumer, Business Management, and IT

1 teams partnered with Aricent's experts and identified some 414 tasks that would enhance
2 these parts of the Siebel system.

3
4 Our IT team started deploying these enhancements on May 29th on a bi-weekly basis; to
5 date, 205 enhancements (50%) have been deployed and closed as complete. The
6 remaining 209 enhancements are scheduled and will be deployed by December 11th.
7 Once deployed, all enhancements are tested and verified as being successfully
8 implemented and placed in production. Overall, the result to date has been a significant
9 improvement in the successful order entry rate and a substantial improvement in average
10 handle time from a peak post-cutover time of almost 25 minutes to an average of 13
11 minutes today.

12
13 We previously indicated that our plan was to have the 414 tasks completed by September
14 30th. We have adjusted the schedule twice so far to address higher priority needs as
15 those needs arose. For example, we identified additional enhancements that could
16 improve the product configurator performance and proceeded with those first. We
17 continue to discuss new requests with our teams that utilize Siebel and adjust priorities as
18 appropriate.

19
20 Q25. Can you provide any additional detail about the type of enhancements that FairPoint has
21 implemented?

1 A25. Yes. A number of enhancements that were put in place in the 3rd Quarter, for example,
2 were in the nature of GUI (“graphical user interface,” i.e., the way in which most
3 individuals interact with his or her computer) enhancements that improved our customer
4 service representatives’ (“CSR”) interaction with the Siebel system. The Siebel system
5 can be customized and, in general, these changes involved optimizing the way in which
6 the system is operated by our CSRs. Thus we implemented 60 enhancements that
7 improved the order-capture or order-entry processes; improved order-capture and order-
8 entry has improved order flow-through and reduced order fall-out as well as decreased
9 average handling time (from 25 to 13 minutes). We also put in data validation tools and
10 other safeguards that prevent the entry of data that could cause an order to fall out later,
11 in the Provisioning and Inventory Management Systems. Other data validations have
12 been added at the point at which an outside vendor will interface with Siebel so as to
13 reduce service order feed fallouts.

14
15 Q26. Did the system enhancements address areas other than order fall-out as well?

16 A26. Yes. As I noted above, the systems and IT changes implemented deal with a broad
17 spectrum of FairPoint’s operations. Some of the Siebel enhancements, for instance, were
18 more general, efficiency-type enhancements that made Siebel more user friendly and
19 allowed our CSRs to serve a larger number of customers. For example, we put in place
20 custom enhancements that allowed CSRs to identify related Hunt Group or Centrex
21 telephone lines at secondary locations, which was previously not possible. Another
22 improvement allows the automatic copying of multiple occurrences of a product, which

1 will increase CSR efficiency. I noted the improved call-handling times above and the
2 response from our CSRs confirms our empirical data: they report the system is easily
3 navigated, auto population has improved repetition, and they are able to serve our
4 customers better and faster.

5
6 In addition, during the 3rd quarter we implemented IT solutions that split the activation
7 tasks for POTS and DSL to help the retail and business services groups manage their
8 workload more effectively. Another change upgraded the Talisma environment to
9 support a database of FAQs that our CSRs can access in order to improve service and
10 reduce handling time.

11
12 I should add that the enhancements made to the Siebel system that allowed us to fix
13 database and Unix root causes has also allowed us to improve performance while making
14 use of existing hardware, which is an important cost savings.

15
16 Finally, to date in September alone, we have implemented some enhancements that were
17 either requested by the CLECs or which provided additional functionality for the
18 Wholesale Community. These enhancements included Line Class Codes ("LCC") that
19 can automatically populate on Wholesale Line Products rather the existing system which
20 required manual entry of the LCC values. This enhancement will improve activation at
21 the switch (by ensuring correct values are entered) and will improve efficiency by
22 reducing the number of manual steps involved. Another example is the implementation

1 of an upfront validation for ASR orders submitted with a Billing Account Number
2 (“BAN”). This enhancement rejects the order with the following message
3 “ASR.BAN::THE BAN VALUE IS INVALID. PLEASE CHECK YOUR BAN AND
4 RESUBMIT THE ORDER” so that invalid BAN formats are corrected immediately.
5

6 Q27. What type of systems enhancements will be implemented in the near future?

7 A27. As we have said previously, besides the work being done by Ms. Weatherwax’s team, we
8 have more than 400 items scheduled for September and October, which cover a wide
9 range of issues. By way of example, I will describe just a few here that provide a good
10 overview of our work to address issues, our continued work on our network, and our
11 work to meet the ever-changing industry standards.
12

13 FairPoint has undergone a Switch-to-Bill audit and has undertaken other data-analysis
14 efforts. This work has indicated where we have data conditions that are not synchronized
15 between key applications (Siebel, MetaSolv, Kenan and CDG) and our network elements
16 (switches, DSLAMs, Routers, etc.). We are presently analyzing the results to determine
17 our approach for programmatically correcting the issues. This analysis is expected to be
18 completed within three weeks and will yield a task plan to fix each data condition. Early
19 results indicate that we can code, test and deploy these data patches in a rolling schedule,
20 with some ready as soon as mid-October.
21

1 FairPoint is presently performing User Acceptance Testing of enhancements made to the
2 system to support service order processing for products that will begin to utilize the Next
3 Generation Network (VantagePoint). These enhancements have a planned deployment
4 date of September 30, 2009. We are presently finalizing the requirements for
5 enhancements that will introduce three new products which will be commercially
6 available by December, 2009.

7
8 On September 18, 2009, FairPoint, in conjunction with Synchronoss, will deploy the
9 recent ASOG industry required upgrades. This is the second such industry required
10 upgrade where we will meet the requirements not only for functionality, but also for on
11 time. Notably, the roll out of this upgrade made use of our improved CLEC testing
12 environment. Our new testing environment now replicates our production environment
13 and CLECs were able to use this to test with their data.

14
15 **Billing**

16 Q28. What is the status of FairPoint's work in assessing post-cutover issues associated with
17 billing?

18 A28. As referenced above, FairPoint reviews its billing performance by category of customer:
19 Residential or Consumer customers, Business customers and Wholesale customers.
20 FairPoint recognizes that billing questions and issues have been the most significant
21 source of customer complaints since cutover. FairPoint has devoted substantial effort to
22 identifying and addressing billing issues among the three classes of customers and has

1 seen a drop in customer complaints on billing issues. Going forward, FairPoint has
2 developed specific programs to identify and correct billing issues and improve billing to
3 all customer segments.

4
5 Q29. Please provide greater detail regarding FairPoint's post-cutover experiences with billing.

6 A29. In the billing area the company looks at the timeliness of bills and the accuracy of bills.

7 With respect to timeliness, while there were some brief billing delays initially in February
8 and March, 2009, the bills are now being mailed on time and this has been the case since
9 around the middle of March, 2009.

10
11 Q30. What has the company's experience been with respect to billing accuracy?

12 A30. Customer issues and complaints have arisen largely due to problems associated with
13 billing accuracy. We have made significant strides in reducing known billing errors.

14 Thus, as late as April and May of this year, FairPoint was identifying known retail billing
15 errors in up to 4 to 5% of customer bills. In the last several months since July, however,
16 FairPoint has reduced its level of known retail billing errors to 1% or less, which is
17 consistent with pre-cutover levels.

18
19 In Vermont, there is also the retail customer \$5 credit requirement in connection with
20 billing errors, which was a condition of the sale order. The number of retail customers in
21 Vermont who have received those credits has dropped from a high of over 7,100

1 customers in May 2009 to approximately 3,300 in August 2009, a number that represents
2 approximately 1.6% of total retail customer bills.

3
4 The more complex billing issues related to Business and Wholesale customers have
5 presented more challenges and although improving, have not returned to pre-cutover
6 levels. The company has taken and is taking steps to address billing accuracy issues with
7 these customer segments, as I discuss more fully below.

8
9 Q31. What part of the billing-accuracy issue is related to the new FairPoint operating systems
10 as opposed to other causes?

11 A31. As Liberty has noted in its report of September 8, 2009, at this point in the post-cutover
12 period billing errors are generally not the result of an operating system error associated
13 with the billing process itself. The new FairPoint billing system is operating as designed
14 and performing well. In fact, a number of our IT or systems improvements have reduced
15 billing errors. Thus, we have implemented BDT ("billing data tape") performance
16 enhancements and installed patches on the Comverse system ("Kenan") to improve the
17 invoice image presented to the customer. We have also initiated changes to the LERG
18 configuration to help alleviate incorrect usage ratings.

19
20 Instead of system-related errors, FairPoint notes that typically what the customer sees as
21 an error on the bill is caused by provisioning inputs upstream of the billing department.
22 As a result, FairPoint is currently directing its focus to identification of the root cause of

1 such input errors, the correction of such errors, training to ensure that such errors do not
2 recur and management oversight to ensure implementation and follow through.

3
4 Q32. Could you be more specific in explaining FairPoint's efforts to correct billing errors?

5 A32 Yes. First, with respect to Residential or Consumer customers, FairPoint has undertaken
6 efforts to correct, both proactively and reactively, any Consumer billing issues that could
7 arise or have arisen.

8
9 At cutover, FairPoint had in place a Bill Review Team that reviews a comprehensive
10 subset of invoices for each bill cycle. We refer to this as the "pro forma review process."
11 Since cutover, the Bill Review Team has reviewed a subset of invoices ranging up to
12 2,600 invoices per month. Our current average is now approximately 1,500 per month.
13 This reduction in the sample size is due to the elimination of review for some products
14 that have continued to bill correctly since cutover. The bill review process is based on an
15 analysis of the products that bill in the cycle. We review an invoice sample of every
16 product billed for each state. We review one example for every distinct combination of
17 product, state, account type and bundle offering for that cycle. In July, FairPoint made a
18 change to the bill review selection process to identify more recent instances of the
19 products. This allows the reviewer not only to look at the product but also enables us to
20 provide additional quality assurance of the order.

1 When billing errors are identified, they are corrected. To the extent billing errors are
2 generic to a product, they are corrected both for the particular customer and for all other
3 customers with a similar product.
4

5 The Billing Review Team maintains an account corrections work log for Customer
6 Service. When the Billing Review Team identifies issues that are order entry issues from
7 Customer Service during the cycle invoice review, those issues are listed on the log and
8 sent to the Consumer and Business back office to perform account correction orders to fix
9 identified billing issues. Additional Customer Service Representative training occurs in
10 each instance.
11

12 In addition, the Billing Team meets with call center teams twice each week for Consumer
13 and Business, and weekly with Payments/Collections and Wholesale to track issues that
14 have been identified and logged and to work through the issues to resolution.
15

16 These processes have reduced billing errors in recent months and will continue to
17 improve FairPoint's billing accuracy and customer satisfaction going forward.
18

19 Q33. Are FairPoint's processes related to Business customer billing issues similar to those of
20 Residential customers?

21 A33. The processes are similar, but due to the size and complexity of Business customer bills,
22 FairPoint has also set up a separate Business Reconciliation Team to review and

1 reconcile Business customer bills. This Team began the reconciliation process with a
2 review of 3,250 Business customer bills. The review includes a reconciliation of all past
3 bills and an identification of any root cause issues so that FairPoint can both correct past
4 errors and eliminate problems in the future. While most of this project will be completed
5 in September, we expect that the project will be fully completed before the end of
6 October.

7
8 In addition to the internal review of Business customer bills, FairPoint is taking the
9 initiative to meet with Business customers to review any billing issues and to act as a
10 liaison to present issues on behalf of many customers.

11
12 Q34. What is FairPoint doing to respond to the concerns of Wholesale customers related to
13 billing errors?

14 A34. As discussed above, FairPoint has developed a Wholesale initiative and Wholesale team
15 under Jeff Allen to address Wholesale customer issues related to sales, account
16 management, customer operations, billing, dispute resolution and collections. FairPoint
17 currently has a project team in place working on a Wholesale billing process initiative,
18 with the first project being contract and tariff plans. Future projects are scheduled to look
19 at cancellation charges on ASR service requests and time and material.

20
21 In addition to these projects, FairPoint has already established a Wholesale Billing Team
22 that is specifically dedicated to, and has been working closely with, the CLEC

1 community in regards to all billing issues. The Wholesale Billing Team has been
2 proactively reaching out to customers to work on formatting issues in regards to the
3 Resale BDTs. In addition, the team communicates with Wholesale customers in cases of
4 missing bills to ensure that FairPoint has delivered their bills to the correct location. The
5 team works with the IT Mediation Team to review any unusual usage variations on a
6 customer's account so that they can get ahead of potential billing issues. The team also
7 works closely with product management, our wholesale billing vendor, IT and the
8 Wholesale Business Office on service order, feed-file errors in order to ensure that these
9 files are corrected and processed in time for billing verification during the next bill cycle.
10 The team attends all Wholesale-customer forums and calls and is engaged with the
11 Wholesale Help Desk and Service Center to be able to bring quick resolution to any
12 potential billing-related issue.

13
14 Q35. Can you summarize FairPoint's current assessment of the billing area?

15 A35. Yes. Again, FairPoint has made significant progress in reducing billing errors for its
16 Residential, Business and Wholesale customers to pre-cutover levels. Current billing-
17 error issues are for the most part not the result of FairPoint billing system errors. Instead,
18 billing errors are typically the result of upstream input and/or order flow errors. FairPoint
19 has created processes to identify and correct those errors through training and the
20 implementation of more effective procedures. The new processes should result in billing
21 accuracy improvement and will continue to reap benefits going forward. Business and
22 Wholesale customers have dedicated billing review teams whose primary function is to

1 work both internally within FairPoint and directly with Business and Wholesale
2 customers to identify and correct billing errors.

3
4 **Escalations**

5 Q36. The last of the five key performance areas you identified is escalations. Can you provide
6 an update as to what FairPoint has done to address the level of escalations?

7 A36. Yes. In general, escalations are customer complaints that have been referred to FairPoint
8 by representatives of the state commissions as well as complaints of customers that were
9 made directly to FairPoint and that have been elevated within FairPoint's organization.
10 The most common subject areas for escalations are billing issues, late orders, and other
11 provisioning issues.

12
13 Although the company is not yet back to pre-cutover levels in the area of escalations,
14 since July 10, the Escalation Management Team has worked closely with state regulators
15 and has reduced the number of open escalations to the DPS, from over 200 to 112. We
16 expect that the combination of this team's work and the reduced level of new escalations
17 will allow us to return to pre-cutover levels soon.

18
19 Q37. Can you provide additional detail about the organizational changes that brought about the
20 Escalation Management team?

21 A37. Yes. On July 10, the escalation process was reorganized under the leadership of Steve
22 Rush. Prior to July 10, escalation responsibility was shared by several organizations.

1 Effective July 10, a centralized, fully-functional and dedicated Executive Escalation
2 Center was established in Portland, Maine. It is staffed with 15 specially-trained
3 customer service representatives from both the Business and Consumer organizations.
4 Ms. Dee Dee Landry was appointed as the full-time manager to oversee all escalations;
5 she reports directly to Mr. Rush.

6
7 Under Ms. Landry's leadership the following formal processes were put into place:

- 8
9 • Escalations are assigned to specific individuals who have ownership until the
10 escalation is resolved.
- 11 • All escalations are tracked and recorded electronically.
- 12 • Escalations are worked the day received; the resolution response target is
13 currently 72 hours with a goal of 48 hours.
- 14 • Escalations are reviewed and updated on a daily basis.
- 15 • All escalations requiring customer contact have that contact completed within 24
16 hours of receipt.
- 17 • Status updates are given to customers who request them.
- 18 • No escalation is considered closed until customer and state representative agree.
- 19 • Every FairPoint organization has a single point of contact for referral and
20 escalation.
- 21 • Escalation representatives are fully empowered to access and procure priority
22 support from all organizations.

- 1 • An escalation reconciliation and true up has been conducted with all three state
- 2 agencies; the Escalation Management Team has also committed to continue
- 3 monthly state reviews.
- 4 • The FairPoint regulatory representatives dedicated to each state (Erika Sands in
- 5 Vermont) are fully aligned with the Escalation Center to ensure data integrity and
- 6 accuracy of tracking.
- 7 • Additional customer service representatives are assigned to the Escalations Center
- 8 on an as needed basis.

9

10 Q38. The Department has indicated that FairPoint is only reporting 11 of the 18 metrics

11 required by the Retail Service Quality Plan. Can you update us on your ability to report

12 on the required metrics?

13 A38. As of the September 15, 2009 report (July data), FairPoint is filing the required data for

14 15 of the 18 required metrics. The three metrics that are currently not reported are

15 “Percent Installation Appointments Not Met-For Company Reasons” and the two metrics

16 contained in “Installation Orders Held For Facility Reasons-Residence and Business a)

17 Missed installation Rate and b) Average Delay Days.” As FairPoint has explained in its

18 previous monthly reports, it has not reported these three metrics because a “cause code”

19 must be populated to correctly establish if the reason for the installation miss was

20 “company” or “other.” In order to enhance the ability to send orders through the systems

21 this “cause code” has been intentionally overridden. As a result “missed appointments”

22 cannot be specifically identified as “company” or “facility” misses as defined for these

1 metrics. FairPoint has developed an approach to report these metrics using alternate
2 codes and reporting logic. This enhancement is scheduled to be implemented and
3 reporting will be available for the September data month. The historical data for these
4 metrics will be reported for February through August with this implemented option.

5
6 Where applicable, the updated historical data points for February through August for all
7 other metrics will be provided in the results for the September data.

8
9 Q39. Please summarize the current status of FairPoint's efforts to address post-cutover
10 customer service issues?

11 A39. The cutover process from existing Verizon systems to new FairPoint systems has been
12 completed, but not without customer impacts. While FairPoint anticipated some post-
13 cutover issues, even with the expert assistance of Capgemini, the diligence of our
14 employees and the oversight of Liberty, it did not anticipate the volume and complexity
15 of some of the issues. Our customers are our business, and we certainly do not want our
16 customers to experience extended or repeated service problems. FairPoint expects that
17 the benefits from the deployment of new FairPoint systems will, in the long run, greatly
18 outweigh the impacts that customers have felt in the months after cutover, but that is not
19 what concerns us at the present.

20
21 FairPoint has worked with Liberty, the Board, the Department and other utility
22 commissions and public advocates in the months since cutover to identify and attempt to

1 resolve customer-affecting issues. As of mid-July 2009, when the Department filed the
2 petition initiating this docket, FairPoint had made progress in resolving a number of post-
3 cutover issues, but work still needed to be done.

4
5 As I have outlined in this testimony, FairPoint has made additional progress since July in
6 addressing post-cutover issues and in returning to pre-cutover levels of service in many
7 areas. FairPoint has made management changes, both at the top level with the
8 appointment of Mr. Hauser, and at the operational level with the appointment of Mr.
9 Allen and Ms. Weatherwax. The initiatives and organizational changes implemented and
10 to be implemented by Mr. Allen and Ms. Weatherwax and others, as outlined above, have
11 resulted and will result in short-, intermediate- and long-term improvements in end-to-
12 end customer service and satisfaction.

13
14 In the five areas by which FairPoint measures cutover progress, we feel, as described
15 above, that we have made substantial progress in addressing post-cutover issues. The
16 network has continued to operate well and call-center issues have markedly improved so
17 that we are at pre-cutover levels. We have made organizational changes and developed
18 new processes to address billing and escalation issues and have seen positive results in
19 these areas. New installations and order delivery have seen improvements, but remain a
20 significant target for the short-, intermediate- and long-term initiatives under the direction
21 of Mr. Allen and Ms. Weatherwax.

22

1 In short, FairPoint believes that it has made and continues to make substantial progress to
2 improve its systems and processes and that it has put into place management changes,
3 initiatives and processes that will result in continued customer-service improvements to
4 levels which will exceed those prior to cutover. Our service to our customers is our
5 primary focus.

6
7 Q40. Does this conclude your testimony?

8 A40. Yes.